

**Testimony of Andrew S. Natsios**  
**Chairman, Massachusetts Turnpike Authority**  
**Before the Committee on Commerce, Science, and Transportation**  
**May 3, 2000**

Good morning, Chairman McCain and other members of the Committee. Thank you for giving me the opportunity to answer any questions you may have about the Central Artery/Tunnel Project, more commonly known as the Big Dig. With me today is Michael Lewis, acting project director.

Before I begin, I want to state as clearly as I can that we will follow the principle of complete transparency in providing information to you, the public, and the Executive branch.

Let me introduce myself. I had been serving as the Secretary for Administration and Finance for the Commonwealth of Massachusetts when the governor asked me on April 11, less than a month ago, to accept the position of chairman of the Massachusetts Turnpike Authority and head of the Central Artery Project.

As Administration and Finance Secretary, I was the governor's advisor on fiscal and economic matters. I had oversight of the state agencies whose federal counterparts are the General Services Administration, Office of Personnel Management, Office of Management and Budget, and the Treasury Department.

I also supervised capital projects and debt finance, so I speak with assurance about the Commonwealth's fiscal health, which is quite good. Our stabilization fund has a balance of \$1.4 billion, and when you calculate the value of all reserve funds available to state government in Massachusetts, the total reaches about \$4 billion. A recent study by the Center on Budget and Policy Priorities indicates we have among the highest reserves and are among only eight states in the nation that can weather a recession as severe as the 1990-91 downturn without cutting spending or raising taxes.

I mention this to assure you that we are not looking for additional federal assistance to finish the Central/Artery Project. The Legislature and Governor are currently devising a plan to finance the recently revealed Big Dig cost overrun, and none of those plans asks for any additional federal assistance. This cost overrun is our problem in Massachusetts, and we will pay the bill for it. I'll get into some detail on this shortly.

In early 1997, the Governor and Legislature decided to transfer the supervision of the Artery Project construction from the state to the Turnpike Authority, which is an independent authority with its own legislative charter. The Turnpike Authority has its own budget and personnel systems. The rules and regulations that apply to state agencies do not apply to the Authority, which means the executive branch in Massachusetts has less oversight of the Authority - and this project -- than it would have of a state agency.

The decision to transfer the project to the Turnpike Authority was made, in part, to facilitate construction. Had control of the project remained in the hands of state government, the project could have taken longer to build, which usually has cost implications. There is a balance point between efficiency and accountability that is not always easy to locate.

As it stands now, the artery project is 60 percent constructed and 98.6 percent designed. Just seven of 117 contracts are yet to be awarded, and 50 contracts have been completed. We will conduct cost analysis, review construction and management contracts, and make sure oversight is thorough. There will be no surprises on my watch. Even before I was named Turnpike Chairman, as ANF Secretary, I hired the firm of DeLoitte & Touche to conduct an independent review of the project. I will appoint an outside expert on insurance to review the Owner Controlled Insurance Program, and another outside expert to examine the project's construction management contract with Bechtel Parsons.

I have also brought on a transition team composed of experts in various management disciplines from ANF to review the Turnpike Authority, where I have frozen non-Central Artery/Tunnel Project hiring and the award of new contracts.

While I await the result of various reviews I have set underway, my initial assessment is that the Central Artery/Tunnel Project appears to be well run and well engineered from the construction point of view. These reviews will tell the true story of the project, and whatever the story is, we will get it out in public view.

I have three immediate objectives to put the project back on course:

To restore the project's credibility. This is paramount. We need to win back through deeds, not just words, the trust of the public, members of Congress, and Federal Highway and transportation officials.

To bring the project's management and finances back on track.

To formulate a restoration plan for the ground above the artery that will add to Boston's reputation as one of the great cities of American, certainly its most historic.

Let me talk briefly about this project to build a new underground Interstate 93 through the city and to extend the Massachusetts Turnpike under South Boston and Boston Harbor to Logan International Airport. The project's complexity and size are enormous, as are its cost. The project draws a steady stream of awe-struck engineers and construction experts from all over the world that marvel at the engineering techniques being employed. Here is just one instance: Workers are now laying in place huge tunnel sections cast inside a dry dock and then floated into position before being placed precisely by computers and a global positioning system on sunken concrete foundations.

For practically seven days a week, and nearly 24 hours a day, digging the path for the new underground artery goes on underneath the existing elevated Central Artery, yet the city of Boston is alive for commerce, recreation and the daily activities of city life.

The oldest city in the Northeast will have the newest infrastructure when the artery project is completed at the end of 2004. By the following year, the modernization of Logan Airport, the construction of a new convention center, and the installation of a new water and sewer system will be concluded. Between 1992 and 2005, some \$35 billion in state funds will be expended on these and other statewide infrastructure projects including the construction of new schools, libraries, and repairs to roads and bridges. Of that \$35 billion, some \$4 billion in state funds will have gone to the Big Dig, little more than 10 percent.

How do we propose to pay for the project's cost overrun? Gov. Cellucci and Lt. Governor Swift have instructed me to follow four principles in designing the state bailout plan:

No tax increase

No damage to the state's credit rating

Build a contingency reserve fund to handle any future shortfall

No proposals that mobilize interest group opposition

A final finance plan should be forthcoming in the next two weeks, drawn from common elements in separate plans proposed by the Massachusetts House, Senate and Governor. Two-thirds of the administration plan is contained in both the House and Senate plans, so there is a great deal of common ground and we are confident a viable plan will be in place. This plan will cover the \$1.4 billion cost overrun and also create a sizable contingency reserve to be used to offset future possible overruns or other transportation needs in the Commonwealth.

I want to conclude my presentation with a pledge to give you my thorough cooperation. We will follow the principle of complete transparency in providing information to you, the public and the Executive branch. I hire people with the utmost integrity, and then let them do their jobs in an open manner.

I will be happy to take your questions now, and very much appreciate the opportunity to testify before you today. Again, I wish to state as emphatically as I can my intent to open this project up. We have built a tunnel that can withstand the weight of Boston Harbor; now we will run a project that can withstand public scrutiny.